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To: all Members of the Cabinet

Date: 27 May 2020
Our Ref: PGF
Your Ref:

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Dear Councillor

CABINET - THURSDAY 28TH MAY, 2020

I refer to the agenda for the above meeting and now enclose the following report that was unavailable when the agenda was published.

Agenda No.	Item
7	Care Homes Additional Funding (Pages 216 - 227) Report of the Executive Director – Adult Social Care and Health

Yours faithfully,

DAVID McCULLOUGH

Chief Legal and Democratic Officer

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Report to:	Cabinet	Date of Meeting:	28 th May 2020
Subject:	Care Homes Additional Funding		
Report of:	Executive Director of Adult Social Care and Health	Wards Affected:	All
Cabinet Portfolio:	Adult Social Care		
Is this a Key Decision:	Yes	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

To outline proposals on providing additional funding to the Sefton care home market in light of the COVID-19 pandemic.

Recommendation(s):

It is recommended that;

- (1) The proposals outlined in section 5.1 of this report are implemented in order to provide additional financial support to care homes during the COVID-19 pandemic;
- (2) Future decisions on any further additional funding to be provided to care homes are delegated the Executive Director of Adult Social Care and Health and the Director of Public Health in consultation with the Cabinet Members for Adult Social Care and Health and Wellbeing;
- (3) Council Officers continue to gather information from care homes on the financial pressures they are experiencing in order to assess the sufficiency of additional funding provided to date;
- (4) Further reports are submitted to Cabinet and the Health and Wellbeing board in order to provide updates on the financial support being provided to care homes and to report the impact of COVID-19 on the Sefton care home market;
- (5) It be noted that the proposal was a Key Decision but had not been included in the Council's Forward Plan of Key Decisions. Consequently, the Leader of the Council and the Chair of the Overview and Scrutiny Committee (Adult Social Care) had been consulted under Rule 27 of the Access to Information Procedure Rules of the Constitution, to the decision being made by Cabinet as a matter of urgency on the basis that it was impracticable to defer the decision until the commencement of the next Forward Plan because the Council is required to submit a planning return to Central Government by 29th May 2020, which details

the current activities and forward plans it has in place to support the care home market in light of the COVID-19 pandemic. There is also a need to put in place further additional financial support payments to care homes as soon as possible due to the increased financial pressures they are currently experiencing;

- (6) It be noted that the proposal was a Key Decision, but it had not been included in the Council's Forward Plan of Key Decisions. Consequently, the Leader of the Council and the Chair of the Overview and Scrutiny Committee (Adult Social Care) had given his/her consent under Rule 29 of the Access to Information Procedure Rules of the Constitution for this/these decisions to be treated as urgent on the basis that it/they cannot be reasonable deferred because the Council is required to submit a planning return to Central Government by 29th May 2020, which details the current activities and forward plans it has in place to support the care home market in light of the COVID-19 pandemic; and
- (7) It be noted that the Leader of the Council and the Chair of the Overview and Scrutiny Committee (Adult Social Care) had given his/her consent under Rule 46 of the Overview and Scrutiny Procedure Rules for this/these decision(s) to be treated as urgent and not subject to "call in" on the basis that it/they cannot be reasonably deferred because the Council is required to submit a planning return to Central Government by 29th May 2020, which details the current activities and forward plans it has in place to support the care home market in light of the COVID-19 pandemic and also pay the additional funding to care homes as soon as possible in order to support them in light of the increased financial pressures they are currently experiencing.

Reasons for the Recommendation(s):

To continue to support the Sefton care home market during the COVID-19 pandemic and to ensure that ongoing work takes place to assess the financial impact on care homes.

Alternative Options Considered and Rejected: (including any Risk Implications)

The following options were considered and rejected;

1. **Not providing further additional funding** – this option was considered and rejected as the Council is required to ensure that additional funding allocated to it from Central Government is used to support care homes, who are experiencing additional financial pressures due to the COVID-19 pandemic. There is also a requirement to ensure that additional funding also reflects the impact on all types of care home placements, not simply those commissioned by the Council.
2. **Providing additional funding via other mechanisms such as arbitrary one-off payments** – this option was considered and rejected as there is a need to ensure that any additional funding provided is based on a sound understanding of the impact of COVID-19 on the Sefton care home market and that further analysis will need to take place via the submission of templates from care homes detailing the cost pressures they are experiencing, in order to ascertain whether funding provided to date is sufficient.

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What will it cost and how will it be financed?

(A) Revenue Costs

There are additional revenue costs of £2.5m, plus a further £850,000 if weekly payments continue until the end of June 2020, associated with the proposals outlined in this report..

The costs associated with the proposals will be met from the additional funding allocated to the Council, as detailed in sections 2.1 and 2.6 of this report.

(B) Capital Costs

None

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets):
Legal Implications: Coronavirus Act 2020 Care Act 2014
Equality Implications: The equality Implications have been identified and mitigated.

Contribution to the Council's Core Purpose:

Protect the most vulnerable: By implementing the proposals, Providers will receive additional funding to deliver services, thus ensuring that these services continue to operate and provide valuable care and support services at the time of the onset of the COVID-19 pandemic.
Facilitate confident and resilient communities:
Commission, broker and provide core services: The proposals reflect wider Care Act obligations relating to supporting the entire Sefton care home market and not just those placements made by Sefton Council.
Place – leadership and influencer: The proposals represent an acknowledgement of the impact of COVID-19 on the whole

care home market, not simply on just Sefton Council commissioned care home placements.
Drivers of change and reform:
Facilitate sustainable economic prosperity:
Greater income for social investment:
Cleaner Greener

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Head of Corporate Resources (FD.6031/20) and Head of Regulation and Compliance (LD.4214/20) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

Consultation has taken place with the Sefton Clinical Commissioning Groups (CCGs) around the proposals as part of a joint commitment to supporting the care home market

Implementation Date for the Decision

With immediate effect. The Chair of the Overview and Scrutiny Committee (Adult Social Care) has given approval under Rule 46 of the Overview and Scrutiny Procedure Rules for the 'call-in' period to be waived in respect of the executive decision.

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Appendices:

None

Background Papers:

There are no background papers available for inspection.

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1. Introduction

- 1.1. This report has been produced to outline the proposed approach to provide additional financial support to Sefton Care Homes in light of the COVID-19 Pandemic.
- 1.2. The proposal outlined reflects revised national funding arrangements to support care homes, representations from Care Home Providers on the impact that COVID-19 is having on their services and good practice published by organisations such as ADASS.

2. National Context

- 2.1. On 19 March 2020, the government announced £1.6 billion of additional funding for local government to help them respond to coronavirus (COVID-19) pressures across all the services they deliver. In his letter, the Secretary of State for Housing, Communities and Local Government indicated that whilst the funding was intended to help address the pressures Local Authorities were facing in response to the Covid-19 pandemic across all the services, there was an expectation that the majority of this funding would be needed to support Adult Social Care services required to respond to the Coronavirus crisis. On Saturday 18 April the government announced a further £1.6 billion of funding for Local Government to meet additional pressures arising from the pandemic and help continue to deliver frontline services. Sefton Council's allocation of this funding has totalled £17,554,257 (£9,975,328 from the initial additional funding announced and £7,578,929 from the second round of funding announced).
- 2.2. In addition to the funding for Local Authorities, the Government agreed that the NHS would fund the cost of new or extended out-of-hospital health and social care support packages, referred to in the COVID-19 Hospital Discharge Service Requirements. This applies, from 19th March 2020, for people being discharged from hospital or who would otherwise be admitted into it, for a limited time, to enable quick and safe discharge and more generally reduce pressure on acute services.
- 2.3. The Local Government Association, Association of Adult Social Services and Care Provider Alliance issued a guidance note on 13 March 2020 for local authority commissioners. It was designed to summarise pressures on social care providers arising from COVID-19, and to put forward ways in which commissioners could alleviate these pressures. The guidance was issued prior to the additional funding announcement and it proposed at the time that additional costs in meeting this guidance, would be a suitable use of each local authority's share of the £5 billion announced in the Spring Budget 2020. The guidance note also recognised the need for Local government to make decisions within the confines of the law and considering local factors such as democratic processes whilst also recognising the need to respond to issues quickly. The guidance note highlighted the need to take a collaborative approach ensuring good two-way communication and support with business continuity planning. In particular the guidance highlighted a number of financial issues that were likely to impact providers and mitigating actions that commissioners should consider. One

significant area identified related cash flow where commissioners were advised to consider payment on plan (and to consider small discount for delivery on average below plan) with potential to reconcile at a later date. Other areas identified included increased costs of Statutory Sick Pay, higher workforce absences leading to increased use of agency staffing, increased cost of Infection Protection Control and Personal Protective Equipment with commissioners advised to consider funding these extra costs either through a lump sum payment or increasing the fee rate.

- 2.4. Subsequently on 8 April 2020 ADASS and LGA issued a statement to councils to give a framework for the consideration of the locally determined temporary funding of social care providers in the light of the Covid-19 national emergency.
- 2.5. The joint Statement identified four areas where councils could take action to support providers as they manage through the crisis:
 - 1.1.1. **Implementation of fee increases for 2020/21** - Fee increases should consider the impact of the 6.2% increase in the National Living Wage with effect from 1 April 2020
 - 1.1.2. **Additional temporary funding to recognise the cost pressures caused by Covid-19** - Recognition of higher dependency levels, higher staff sickness absence rates, higher administration costs due to greater volatility of support packages, and PPE costs.
 - 1.1.3. **Local Authorities to consider most efficient and effective way to make additional payments and monitor the actual impact on provider costs** - It is suggested that any temporary increase could be initially for 1 month with effect from 1st April 2020 with the expectation that it would be extended further if significant staffing issues persist.
 - 1.1.4. **Help for providers with cash flow** - Paying on plan, in advance, for anticipated care delivery rather than in arrears, with retrospective adjustment as required and appropriate. Making the first payment as early as possible in April.
- 2.6. In addition to the £17.6m allocated to the Council and above guidance issued, on the 13 May the government announced an additional £600m Infection Control Fund for care homes. This has been allocated to Councils based on the number of CQC registered beds in each Local Authority area multiplied by the Area Cost Adjustment to reflect differences in wages and prices in different Councils. Local Authorities will initially receive 50% of the funding and 75% of this should be paid to care homes directly. Central Government then expects the remaining 25% to be allocated based on need.
- 2.7. Sefton Council has been allocated £4,858,055 and of this 75% (£3,643,541) is to be given to care homes, based on the number of CQC registered beds within each home. Whilst some information has been published regarding the areas that it is expected the fund will support, full details have yet to be published. Current guidance identifies that there is a requirement that funding will be conditional on provision of information from care homes although the guidance does not state whether there are any other reporting conditions.

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- 2.8. The guidance also asks all local authorities with Social Services Responsibilities to review or put in place a care home support plan and submit a planning return by 29 May, which in the spirit of transparency should be made public. Local authority Chief Executives Officers (CEOs) with social care responsibilities are required to work with system partners to agree a return consisting of:
 - 2.8.1. A letter that sets out a short overview of their current activity and forward plan;
 - 2.8.2. A short template that should confirm the current level of access to the support offer. This template asks for confirmation of the number of care homes in your area where these commitments are being delivered, including homes that the local authority does not directly commission from, as well as details of issues and support needs; and
 - 2.8.3. Confirmation that local authorities are carrying out a daily review of the local care market (including all relevant data, especially on care homes), and taking actions immediately where necessary to support them.

3. Regional Context

- 3.1. In considering its approach to supporting the market each Local Authority has taken account of local factors as well as national guidance. Therefore, there is significant variation in the approaches taken by each Local Authority as well as some similarities. A benchmarking exercise across the North West that was completed on 21st April identified that most Local Authorities were considering or already providing targeted support to providers for PPE, SSP and agency costs.
- 3.2. Local Authorities were also considering or had made advanced payments to care homes to support cash flow. One authority had increased the frequency of payments from 4 weekly to 2 weekly to support cash flow. A few councils had agreed to pay increases in fee rates/ additional payments based on fee rates for a temporary period to support the market. A number had also block booked beds, with some block booking all vacant beds although most of these were then looking to undertake a reconciliation process at a later stage. A small number of councils had not increased fees or made advanced payments but were reviewing individual provider request against government guidelines on a case by case basis.
- 3.3. As the impact of the pandemic has started to emerge many homes have been significantly affected by increases in the number of vacant beds. This is both as a result of Covid-19 Outbreaks in homes, but also as a result of Care Homes taking preventative measures to reduce the risk of infection and protect their residents. Local Authorities, under section 5 of the Care Act, have a duty to shape and maintain an effective market of services for meeting care and support needs in the local area. This applies in relation to services that the Local Authority commissions directly as well as other non-commissioned services (including those used by self-funders). In addition, Sections 48 to 56 require Local Authorities to ensure that no one goes without care if their provider's business fails and their services cease. Local Authorities across the region are now

reviewing their approach to funding the sector and whether this needs to be adjusted to take account of the number of vacant beds.

- 3.4. Further work will be done at national and local level by the Directors of Adult Social Services over the coming weeks to understand the full impact of the pandemic on the care home market.

4. Current Local Support Arrangements

- 4.1. Care Homes in Sefton have been supported through a range of practical and clinical programmes. A multi-agency Care Home Support Group has been established to provide reactive support tailored to the local outbreak.
- 4.2. Additionally, as part of the first steps to support Care Home Providers, the Council immediately implemented the proposed 2020/21 fee increases and then initially provided an additional payment of £50 per week, per Council commissioned placement in order to implement an immediate injection of additional funding to care homes. When this was implemented the Council advised that this arrangement would be subject to review.
- 4.3. To, date this additional funding paid to care homes equates to in the region of **£650,000** (1,600 placements over an 8-week period)
- 4.4. Following further joint working with the Sefton Clinical Commissioning Groups (CCGs), Care Home Providers were written to by both parties on 5th May 2020 advising them of the next steps in assessing the financial impact of COVID-19 on care homes.
- 4.5. Accompanying this letter was a template with issues for Providers to complete outlining the additional costs they have incurred, primarily with respect to staffing and PPE.
- 4.6. Ongoing dialogue has also taken place with Care Home Owners who have raised the following points with the Council and the CCGs;
 - 4.6.1. That the costs being incurred are significantly higher than what is covered by the additional £50 per week per Sefton placement;
 - 4.6.2. That any increases should be applied to all types of placements, not just those commissioned by the Council;
 - 4.6.3. That there is a need to allocate further additional funding from the Council's overall allocation as a matter of urgency and that it was felt that Care Homes had received an insufficient amount from the total £18m available; and
 - 4.6.4. That a significant cost pressure faced by care homes related to those homes that are now experiencing a higher level of vacancies (and therefore reduced income) due to factors such as less demand for services and being closed to admissions, due to them having an outbreak of COVID-19.

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- 4.7. An initial analysis of completed additional cost templates submitted by Providers has taken place and this has identified issues with the costs submitted, including significant variance between care homes and Providers submitting one-off costs (such as the purchasing of additional I.T. equipment) as monthly costs. As a result, at this present time it is felt that more detailed analysis is required with a view to calculating average costs and potentially applying these across the sector.
- 4.8. It is also important to highlight that any additional financial support is also being complemented by a comprehensive wider package of assistance to care homes, such as the provision of free training and support for care staff, the provision of new technology to support care homes to contact Health professionals, daily support from teams such as Commissioning Support, Medicines Management and Infection Prevention and Control and wider national initiatives, implemented locally such as increased testing/swabbing of care home residents and staff.

5. The Proposal to Implement Additional Funding for Care Homes

- 5.1. In light of all of the above, it is proposed that;
 - 5.1.1. With respect to the new fund detailed in Section 2.6 of this report it is proposed that an initial payment based on 50% of the Infection Prevention Control fund allocation paid to the Providers as soon as possible. The 50% payment is suggested as the Council will be initially receiving this amount of the full allocation from Central Government and there will be a need to ensure that Providers adhere to the requirements that payment of this funding is dependent upon, before any further allocation is paid to them. **This would result in around £1.8m being paid to Providers.**
 - 5.1.2. The current arrangement for an additional £50 per week per placement is extended to all types of care home placements (i.e. to now include Health funded, other Local Authority funded and Private Clients) – **this would be backdated to 1st April 2020 and would amount to an additional £720,000 for the care home sector (i.e. £50 per placement x 1,800 placements x 8 weeks)**
 - 5.1.3. That in light of the above, the Council continues to commit to making an additional £50 per placement per week, until definitive details of the specific arrangements for the use of the additional fund (detailed in section 2.6) are received from Central Government and that an analysis of the additional costs templates will take place in light of the variances initially identified between those submitted by Providers – **this equates to an ongoing weekly commitment of £170,000, however it is envisaged that the these payments will be reviewed by the end of June 2020 at the latest following completion of the ongoing analysis work detailed in the next section.**
 - 5.1.4. That work continues to be conducted to analyse the templates submitted by Providers as these will be used to further assess the financial pressures on Providers and to assist with the assessment of financial support to be

provided by the CCGs, who, as part of a joint approach, are also committed to providing financial support to the care home sector. This analysis will also encompass an assessment of the impact that COVID-19 has had on utilisation levels within care homes and the financial impact of this.

5.1.5. That Providers are reminded that if they believe they have severe financial issues and are therefore at risk of Provider failure, that they need to notify the Council as soon as possible and when doing so, provide full financial account details and operate under Open Book Accounting principles.

5.1.6. It is proposed that urgent work takes place with these Providers who are experiencing severe financial hardship with a view to potentially making emergency payments to them. If these payments are made, then the Providers will be advised that these are interim/emergency payments and may be adjusted once full financial reconciliation work is conducted.

5.2. The above proposals have been formulated following an analysis of the impact of COVID-19 on the Sefton care home market, representations from Providers and benchmarking against the approaches taken by other Local Authorities around financial support to care homes.

5.3. It is also important to highlight that the proposals have been formulated in order to provide a more transparent and equitable methodology to provide additional funding, as opposed to more arbitrary methods such as the awarding of grants of the same amount to all care homes which may not necessarily fully reflect the impact that COVID-19 has had on them. The proposals also take into account that ongoing work will take place on assessing the financial impacts of COVID-19.

6. Conclusions / Recommendations

6.1. It is recommended that;

6.1.1. The proposal detailed in section 5.1.2 of this report relating to expanding the additional £50 per week per placement of funding for all care home placements is implemented as it takes into account the fact that additional cost pressures are being experienced relating to all placement types in care homes and not simply those commissioned by the Council. It also reflects the Council's wider Care Act obligations around supporting the wider care home market;

6.1.2. The proposals relating to the phased releasing of the allocation of the new Infection Prevention & Control fund are approved and that future decisions around the releasing of the remaining funding are delegated to the Cabinet Members for Adult Social Care and Health and Wellbeing in consultation with the Executive Director of Adult Social Care and Health;

6.1.3. Cabinet approves the continuation of ongoing assessments of the financial pressures being reported by care homes, and that any future decisions relating to providing further additional funding to care homes (either as part of a wholesale approach to all care homes or to individual homes which

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have reported severe financial pressures) are delegated to the Cabinet Members for Adult Social Care Health and Wellbeing in consultation with the Executive Director of Adult Social Care and Health. These ongoing assessments will take into account the level of existing funding already provided to care homes via the mechanisms outlined in this report and any further funding received from Central Government; and

- 6.1.4. That further reports are submitted to Cabinet and the Health and Wellbeing Board to provide updates on the level of financial support being given to care homes and to provide updates on the impact of COVID-19 on the care home market.
- 6.2. Cabinet is asked to note that above proposals amount to an additional **£2.5m** of funding to support to care homes. The Proposals represent a continued commitment to supporting the care home market and reflect representations from the Sefton care home market on the financial pressures they are experiencing and the impact that COVID-19 has had on the care home market.
- 6.3. Cabinet is also asked to note that the full level of financial support given to care homes may be higher as the Sefton CCGs are also committed to providing financial support and joint working is ongoing around this. The CCGs will consider additional funding in light of relevant statutory legislation and at the current time due to Covid19 any additional costs as proven will also be paid to the Care homes by the CCG.

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